

TRACKING THE EVOLUTION OF PROCUREMENT AND WHERE IT'S GOING NEXT



Procurement has slowly transformed from an expert cost controller into a major creator of business value, without many people outside of the function recognizing it until very recently. The disruptive events of 2020 and 2021 provided the perfect opportunity for procurement teams to step into the spotlight and show what they're capable of today.

Let us walk through procurement's decades-long evolutionary journey, look at the powerful position the department has taken up today, and examine what might be next for leading procurement teams.

1. The 1st Evolution: Expanding Procurement's Role in Continuity:

The procurement function was initially created to enable organizations to improve the consistency of supply and increase profit margins. As supply chains went global, so too did procurement teams' responsibilities for continuity. They were expected to build and maintain global supplier portfolios and navigate a much more complex international risk landscape.

2. The 2nd Evolution: Leveraging Relationships:

In their mission to build resilient supplier portfolios, procurement experts have collaborated closely with suppliers to build mutually beneficial contracts and strategic supply connections.

Those relationships have proven hugely valuable from a risk mitigation perspective, giving organizations confidence in their suppliers' commitment and ability to continue delivering essential goods in a crisis.

3. The 3rd Evolution: Procurement Getting Proactive & Becoming Data-Driven:

The most recent development in procurement's evolution story has been the rise of the data-driven procurement team. Using data to make informed supplier, commodity, category, or risk decisions is nothing new for those in procurement, but the emergence of new data sources and sophisticated insight-delivery tools has transformed what the function can achieve.

What is next??

4. The 4th Evolution: Procurement as the Number-One Driver of Strategic Business Value:

What emerged was a powerful combination of all of the procurement's major evolutions to date. Teams generated real-time insights and intelligence to mitigate risk, used strategic relationships to maintain a supply of essential goods, and proactively optimized supply strategies to turn major challenges into new value creation opportunities.

Procurement teams have shown why they have the potential to become the number-one driver of strategic value in the modern business

